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 DE RUEHMU #1440 0351421  
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 R 041421Z FEB 82  
 FM AMEMBASSY MOSCOW  
 TO RUEHC/SECSTATE WASHDC 1424  
 INFO RUFHOL/AMEMBASSY BONN 2158  
 RUEHBS/AMEMBASSY BRUSSELS 2136  
 RUEHLD/AMEMBASSY LONDON 4149  
 RUEHROC/AMCONSUL MILAN 0058  
 RUFHFR/AMEMBASSY PARIS 1210  
 RUEHRO/AMEMBASSY ROME 6628  
 RUOKGPQ/AMEMBASSY THE HAGUE 1079  
 RUEHKOB/AMEMBASSY TOKYO 4785  
 RUFHNA/USMISSION USNATO 1071  
 BT  
 C O N F I D E N T I A L MOSCOW 01440

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E.O. 12065: GDS 02/04/02 (SEMLER, PETER) OR-E  
 TAGS: UR, EEWT, FR, ENRG

SUBJECT: FRENCH COMMERCIAL REPRESENTATIVE ON  
 - FRENCH-U.S.S.R. TRADE, CREDITS AND PIPELINE.

1. CONFIDENTIAL ENTIRE TEXT.
2. WHILE CALLING ON FRENCH DEPUTY COMMERCIAL REPRESENTATIVE THIERRY REYNARD ON ANOTHER MATTER, ECON COUNSELOR ELICITED FOLLOWING COMMENTS OF INTEREST

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State Dept. review completed

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FROM HIM:

A. CREDITS: FRENCH FEEL THAT THE NEW OECD CONSENSUS IMPACTS UPON THEM UNFAIRLY. REASON IS THAT FRENCH BANKS OBTAIN COFACE GUARANTEES FOR ALL LOANS TO THE U.S.S.R. WHICH AUTOMATICALLY BRINGS THE CONSENSUS RATE INTO PLAY. REYNARD LISTED GERMANS AND BRITISH AMONG THOSE WHO WERE STILL ABLE TO OFFER SOVIETS 7.8 PERCENT INTEREST RATES ON GROUNDS THAT ONLY PRIVATE BANKS WERE INVOLVED. IN FACT, REYNARD KNEW OF NO CONTRACTS WHICH HAD BEEN CONCLUDED AT THE 11 PERCENT RATE. THE FRENCH GOVERNMENT INTENDS TO STICK TO THE NEW CONSENSUS WHICH IS ONE REASON WHY THEY CANCELLED SCHEDULED FINANCIAL TALKS WITH THE SOVIETS.

POLITICS AND THE CREDIT QUESTION, TRADE IS IN THE DOLDRUMS. NO PROJECT OF MAJOR SCOPE HAS BEEN UNDER DISCUSSION SINCE THE NORTHERN GAS PIPELINE CONTRACTS WERE CONCLUDED.

## NORTHERN GAS PIPELINE

3. REYNARD CONFIRMED THAT ALSTHOM HAD NO DESIRE TO SUBSTITUTE FOR GENERAL ELECTRIC. ON THE ONE HAND THE FRENCH GOVERNMENT INTENDED TO LIVE UP TO ITS COMMITMENT NOT TO REPLACE AMERICAN CONTRACTS. ALSO IMPORTANT WAS THE INVESTMENT THAT ALSTHOM WOULD HAVE TO MAKE FOR A ONE-SHOT PRODUCTION LINE. EVEN THE FORTY ROTORS ALSTHOM HAD AGREED TO PRODUCE WERE INTENDED ONLY AS SPARES. REYNARD GAVE HIS PERSONAL ESTIMATE THAT THE LACK OF THE ROTORS AND OTHER MOVING PARTS WOULD DELAY THE PROJECT BY MORE THAN TWO YEARS. HE NOTED THAT DELIVERY SCHEDULES HAD CALLED FOR INITIAL DELIVERIES IN SUMMER 1982, TO BE COMPLETED BY FALL 1983, WITH THE PIPELINE TO COME ON STREAM ON JANUARY 1, 1984. THIS TIMETABLE WAS NOW TOTALLY UNREALISTIC IF IT HAD NOT ALWAYS BEEN SO. RE THE THOMSON CSF CONTRACT FOR COMMUNICATIONS, REYNARD BELIEVED THAT THE COMPUTERS INVOLVED FELL UNDER THE OLD COCOM MAGNITUDES, UNLESS OF COURSE COCOM RULES WERE CHANGED AS A RESULT OF THE CURRENT DISCUSSIONS. HE UNDERSTOOD THAT SOME DISCS WERE

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TO BE SUPPLIED TO THOMSON-CSF BY A US MANUFACTURER.  
REYNARD ALSO RAISED THE ROLE OF THE FRENCH  
SUBSIDIARY OF DRESSER IN THE PIPELINE, QUESTIONING  
WHETHER US MEASURES MIGHT NOT BE APPLICABLE TO ITS  
INPUT AS WELL.

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SOVIET REACTION  
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4. IN TALKS WITH THE FRENCH, THE SOVIETS PRETEND  
TO BE UNCONCERNED. THEY MAINTAIN THAT THEY CONCLUDED  
CONTRACTS WITH MANNESMANN/CREUSOT LOIRE, AND NUOVO  
PIGNONE AND IT IS OF NO CONCERN TO THEM WITH WHOM  
THESE COMPANIES SUBCONTRACT. ZIMMERMANN

END OF MESSAGE

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